

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-14 IO-14 ISO-00

OIC-04 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02

H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04

RSC-01 AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00

USIA-15 PRS-01 SP-03 FEAE-00 OMB-01 SWF-02 DRC-01

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INFO AMEMBASSY ACCRA

AMEMBASSY ANKARA

AMEMBASSY BERN

AMEMBASSY BOGOTA

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COLOMBO

AMEMBASSY COPENHAGEN

AMEMBASSY GUATEMALA

AMEMBASSY THE HAGUE

AMEMBASSY ISLAMABAD

AMEMBASSY KINGSTON

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AMEMBASSY PARIS

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AMEMBASSY QUITO
AMEMBASSY ROME
AMEMBASSY TOKYO
AMEMBASSY WELLINGTON

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJ: MTN: JULY 10-11 MEETING OF TNC SUBGROUP 3(F)-
TROPICAL PRODUCTS

1. SUMMARY. NEW DOCUMENTS PREPARED BY GATT SECRETARIAT DISCUSSED. LDCS, PREDOMINANTLY INDIA, WENT INTO GREAT DETAIL ON PRODUCTS OF CONCERN TO THEM. GROUP AGREED MATTER OF APPLICATION OF TOKYO DECLARATION TO WORK ON TROPICAL PRODUCTS WAS SUBJECT FOR TNC. U.S. MADE STATEMENT ON MTN NEGOTIATION OBJECTIVES FOR LDCS (BASED ON 3-E POSITION PAPER) WHICH WELL RECEIVED. FUTURE WORK ON TROPICAL PRODUCTS, INCLUDING U.S. SUGGESTION OF GLOBAL STUDY ON OILSEEDS, WAS DISCUSSED, BUT A FINAL DECISION WAS NOT REACHED AS TO WHETHER THE GROUP SHOULD GO BEYOND REPORTING ON ITS ACTIVITIES TO MAKE RECOMMENDATIONS TO THE TNC FOR SPECIFIC FURTHER WORK. SECRETARIAT WILL GIVE DELEGATIONS DRAFT REPORT TO THE TNC MONDAY MORNING JULY 15 AND GROUP WILL MEET MONDAY AFTERNOON TO APPROVE THE REPORT. END SUMMARY.

2. NEW DOCUMENTATION ON TROPICAL PRODUCTS PREPARED BY GATT SECRETARIAT AND RECEIVED BY U.S. DEL ON ARRIVAL WAS PRINCIPAL SUBJECT OF DISCUSSION DURING FIRST TWO DAYS OF MEETING. INDIA, SRI LANKA, PHILIPPINES, NIGERIA, ECUADOR AND BRAZIL GAVE EXTENSIVE AND DETAILED COMMENTS ABOUT PRODUCTS OF SPECIFIC INTEREST TO THEM. INDIA'S INTERVENTIONS, WHICH DOMINATED MEETING IN ARTICULATE BUT MIND-NUMBING DETAIL, FOCUSED ON BARRIERS OF THE EC, BUT ALSO SPOTLIGHTED THOSE OF AUSTRALIA AND NEW ZEALAND. INDIA, SRI LANKA AND ECUADOR STRESSED NEED LIMITED OFFICIAL USE

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FOR PREFERENTIAL ACCESS TO INDUSTRIALIZED COUNTRY MARKETS TO OFFSET MARKETING ADVANTAGES OF DEVELOPED COUNTRY FIRMS IN PROCESSED FORMS OF SUCH PRODUCTS AS TEA, COCOA, SPICES AND COFFEE.

3. SEVERAL POINTS WERE RAISED WHICH U.S.G. MAY WISH TO EXAMINE FURTHER:

ARE U.S. HEALTH STANDARDS A BARRIER TO INDIA
EXPORTS OF FRESH AND PROCESSED MANGOES?

IS IT FEASIBLE TO BREAK OUT TROPICAL PRODUCTS
FROM BASKET TARIFF CATEGORIES?

4. DISCUSSION OF APPLICATION OF TOKYO DECLARATION TO THE WORK ON TROPICAL PRODUCTS WAS OCCASION FOR LENGTHY EXCHANGE BETWEEN LDCS AND INDUSTRIALIZED COUNTRIES. CANADA, REFERRING TO A RECENT PRESS STATEMENT BY U.S. AMBASSADOR EBERLE ABOUT NEED FOR LDCS TO MAKE SPECIFIC THEIR REQUESTS FOR TRADE LIBERALIZATION, SUGGESTED THAT LDCS IDENTIFY PRODUCTS AND ISSUES OF INTEREST TO THEM AND ESTABLISH PRIORITIES. INDIA, NIGERIA AND ECUADOR RESPONDED THAT LDC DESIRE TO OBTAIN ELIMINATION OF DC TARIFFS ON PRODUCTS OF SPECIAL INTEREST TO THEM ALREADY CLEAR. U.S. STATEMENT (TRANSMITTED SEPTTEL) REAFFIRMING U.S. COMMITMENT TO MAXIMUM EFFECTIVE PARTICIPATION BY THE DEVELOPING COUNTRIES IN THE MTN AND TO THE TREATMENT OF TROPICAL PRODUCTS AS SPECIAL AND PRIORITY SECTOR IN THE NEGOTIATIONS, AND SUGGESTING THAT WORK IN TROPICAL PRODUCTS WAS NOW ABLE TO ENTER THE SUBSTANTIVE PHASE, PARTICULARLY FOR THOSE NON-COMPETITIVE PRODUCTS LISTED IN DOCUMENT COM/TD/W/189, WAS FAVORABLY RECEIVED BY A NUMBER OF LDC AND DEVELOPED COUNTRY DELEGATIONS, PARTICULARLY BY INDIA. SEVERAL DELEGATIONS FELT MFN TARIFF REDUCTIONS WOULD BE INADEQUATE TO MEET THEIR DEVELOPMENTAL NEEDS, AND THAT DIFFERENTIAL TREATMENT WOULD BE NECESSARY. ECUADOR OBJECTED TO U.S. STATEMENT ON LDC CONTRIBUTIONS TO THE LIBERALIZATION OF WORLD TRADE AND REJECTED ANY IDEA OF RECIPROCITY IN NEGOTIATIONS ON TROPICAL PRODUCTS.

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5. BRAZIL QUALIFIED ITS AGREEMENT WITH THE U.S. STATEMENT WITH RESPECT TO EXTENT TO WHICH WORK ON TROPICAL PRODUCTS COULD ENTER SUBSTANTIVE STAGE. IT FELT THAT CONDITIONS DO NOT YET EXIST FOR SUBSTANTIVE NEGOTIATIONS, BUT THAT AGREEMENT MIGHT BE ACHIEVED ON GOALS FOR TROPICAL PRODUCT NEGOTIATIONS. BRAZILIAN DELEGATE PROPOSED THREE: LIBERALIZATION OF MARKET ACCESS; REDUCTION OR ELIMINATION OF INTERNAL TAXES; AND ELIMINATION OF TARIFF ESCALATION ON PROCESSED FORMS OF TROPICAL PRODUCTS. TNC WOULD HAVE TO DETERMINE HOW THE APPLICATION OF THE TOKYO DECLARATION TO THE WORK OF THE ENTIRE NEGOTIATION, INCLUDING WORK ON TROPICAL PRODUCTS, WOULD BE HANDLED. ONE POSSIBILITY WOULD BE TO DEVELOP SPECIAL RULES FOR DIFFERENTIAL TREATMENT OF LDCS IN TARIFF AND NTB NEGOTIATIONS. ANOTHER WOULD

BE TO TREAT TROPICAL PRODUCTS IN A SPECIAL SECTOR OF THE NEGOTIATIONS. A THIRD WOULD BE TO TREAT ALL PRODUCTS OF SPECIAL INTEREST TO LDCS IN A SINGLE SECTOR.

6. THE EC OBJECTED TO THE POLITICAL NATURE OF THE DISCUSSION REGARDING THE APPLICATION OF THE TOKYO DECLARATION TO WORK ON TROPICAL PRODUCTS AS BEING OUTSIDE THE MANDATE OF THE GROUP. THE EC DELEGATE ARGUED THAT GROUP 3(F) SHOULD STICK TO TECHNICAL WORK ON TROPICAL PRODUCTS AND THAT LDCS SHOULD SEEK MORE ACTIVELY TO HAVE THEIR SPECIAL INTERESTS TAKEN INTO ACCOUNT IN OTHER GROUPS, ESPECIALLY 3(E). HE SUGGESTED THAT MANY LDC TRADE PROBLEMS WERE ONES OF PRICE STABILITY. ECUADOR AND NIGERIA REJECTED STABILIZATION AS A SOLUTION TO TRADE PROBLEMS OF TROPICAL PRODUCTS AND INSISTED THAT INFLATION HAD OVERTAKEN THAT POSSIBLE SOLUTION. GROUP AGREED THAT THESE MATTERS SHOULD BE LEFT TO THE TNC.

7. IN DISCUSSING FUTURE WORK ON TROPICAL PRODUCTS THE U.S. PROPOSED THAT THE GROUP RECOMMEND TO THE TNC THAT IT DIRECT THE SECRETARIAT TO PREPARE A GLOBAL STUDY ON VEGETABLE OILSEEDS, OILS AND OIL CAKE AS A WAY OF STUDYING THE COMPLEX INTERRELATIONSHIPS OF THE TRADE IN TROPICAL AND TEMPERATE OILSEEDS AND THEIR PRODUCTS. INDIA ACCEPTED THE U.S. SUGGESTION ON UNDERSTANDING THAT CASTOR OIL COULD LIMITED OFFICIAL USE

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BE TREATED OUTSIDE THE GLOBAL STUDY AND PRIORITY ATTENTION TO TROPICAL OILSEEDS BE CONTINUED. TURKEY OBJECTED TO THE U.S. SUGGESTION ON GROUNDS THAT THE MATTER WAS STILL BEFORE GROUP 3(E) FOR CONSIDERATION. THE MATTER WAS LEFT TO BE RESOLVED DURING REVIEW AND APPROVAL OF REPORT SCHEDULED FOR THE MEETING OF JULY 15.

8. COMMENT: THE EC'S COMMENTS SUGGESTED THAT THEIR APPROACH IS TO KEEP NUMBER OF PRODUCTS TO BE TREATED IN TROPICAL PRODUCTS SECTOR TO MINIMUM, AND TO NEGOTIATE ON MOST AGRICULTURAL PRODUCTS OF INTEREST TO LDCS IN FRAMEWORK OF PRICE-STABILIZING COMMODITY AGREEMENTS. END COMMENT. DALE

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